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SENATE RESOLUTION

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WHEREAS, A McKinsey and Company study entitled "Women Matter" showed that companies where women are most strongly represented at board or top-management levels are also the companies that perform the best; companies with 3 or more women in senior management functions score more highly, on average, on the organizational performance profile than companies with no women at the top, and performance increases significantly once a certain critical mass is attained -- specifically, when there are at least 3 women on management committees with an average membership of 10 people; and

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WHEREAS, An Oklahoma State University study found that board diversity, including diversity with respect to gender and ethnicity, is associated with improved financial value; the study also found a significant positive relationship between the fraction of women or minorities on the board and firm value; and

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WHEREAS, A report entitled "Women Directors on Corporate Boards" found that gender diversity on corporate boards contributes to more effective corporate governance and to positive governance outcomes through a variety of board processes as well as through individual interactions; that women directors contribute to important firm-level outcomes as

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1 they play direct roles as leaders and mentors, as well as
2 indirect roles as symbols of opportunity for other women, and
3 inspire those women to achieve and stay with their firms; and
4 that more recognition is needed for the valuable contribution
5 of women directors to firm value; and

6 WHEREAS, Credit Suisse conducted a 6-year global research
7 study, commencing in 2006, of more than 2,000 companies
8 worldwide that showed that women on boards improve business
9 performance by key metrics, including stock performance, as
10 demonstrated by the fact that companies with a market
11 capitalization of more than \$10 billion, whose boards have
12 women, outperformed shares of comparable businesses with
13 all-male boards by 26%; and

14 WHEREAS, The Credit Suisse report included the following
15 findings: (1) there has been a greater correlation between
16 stock performance and the presence of women on a board since
17 the financial crisis in 2008; (2) companies with women on their
18 boards significantly outperformed others when the recession
19 occurred; (3) companies with women on their boards tend to be
20 somewhat risk-averse and carry less debt, on average; and (4)
21 net income growth for companies with women on their boards
22 averaged 14% over a 6-year period, compared with 10% for those
23 with no women directors; and

1 WHEREAS, According to the study entitled "Women Directors
2 on Corporate Boards: From Tokenism to Critical Mass" and a
3 report entitled, "Critical Mass on Corporate Boards: Why Three
4 or More Women Enhance Governance", attaining critical mass,
5 going from one or 2 women directors to at least 3 women
6 directors, creates an environment where women are no longer
7 seen as outsiders and are able to influence the content and
8 process of board discussions more substantially, and boards of
9 directors need to have at least 3 women to enable them to
10 interact and exercise an influence on the working style,
11 processes, and tasks of the board, in turn positively affecting
12 the level of organizational innovation within the firm; and

13 WHEREAS, The State of Illinois has seen a slight uptick in
14 the percentage of women on corporate boards; in 2013, 17.5% of
15 the corporate boards in the State included women, and in 2014,
16 that percentage rose to 17.7; therefore, be it

17 RESOLVED, BY THE SENATE OF THE NINETY-NINTH GENERAL
18 ASSEMBLY OF THE STATE OF ILLINOIS, that we acknowledge that the
19 body of evidence to date concludes that companies perform
20 better when their boards of directors and executive leadership
21 include women and that the State of Illinois has a significant
22 stake in protecting the shareholders of publicly held companies
23 as well as in setting policies that enable such companies to
24 perform better; and be it further

1 RESOLVED, That we encourage equitable and diverse gender
2 representation on corporate boards of directors and urge that,
3 within the next 3 years: (1) every publicly held corporation in
4 Illinois with 9 or more seats on its board of directors have a
5 minimum of 3 women on its board; (2) every publicly held
6 corporation in Illinois with at least 5 but fewer than 9 seats
7 on its board of directors have a minimum of 2 women on its
8 board; and (3) every publicly held corporation in Illinois with
9 fewer than 5 seats on its board of directors have a minimum of
10 one woman on its board; and be it further

11 RESOLVED, That a suitable copy of this resolution be
12 presented to Judi Spaletto, Ph.D., Chicago Chapter Chair of
13 WOB2020.